GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7211
ANSWERED ON:13.05.2005
CENTRAL ASSISTANCE TO STATES
Bhargav Shri Girdhari Lal

Will the Minister of FINANCE be pleased to state:

(a) the details of the grounds on which assistance is provided by the Union Government to the States;

(b) the date on which the formula of assistance was prepared and the basis for fixing criteria;

(c) whether any State has required to change the formula or include some other grounds; and

(d) if so, the action taken by the Government in this regards?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) :

(a) and (b)

Normal Central Assistance to States is allocated by the Planning Commission on Gadgil Formula adopted in 1969 by National Development Council and last revised in 1991. As per the current formula, Central assistance is allocated to States on the basis of the following criterion :

SI.No.	Criteria	Weightage
1.	Population	60%
2.	Per Capita Income	25%
3.	Performance	7.50%
4.	Spl.Problem	7.50%

(c) and (d) Various State Governments have approached the Planning Commission to amend the existing Gadgil Mukherjee Formula. In general, the advanced States have sought higher weightage for performance, the less advanced States have sought higher weightage for backwardness. This issue was last considered in a meeting of the full planning Commission on 27th and 29th June 2001. It was decided that given the difference of opinion among the State Government and sensitivity of this issue, it was necessary to evolve a consensus on the matter before any further revisions are made.